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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

JAN 10 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In The Matter of)

Federal-State Joint Board)
on Universal Service)

CC Docket No. 96-45

**REPLY COMMENTS
OF
ALIAN T COMMUNICATIONS CO.**

Introduction

The Federal Communications Commission ("Commission") has received numerous comments to the Federal-State Joint Board ("Board") Recommended Decision on Universal Service. These comments cover a wide range of topics with differing opinions on many of them. To aid the Commission in its efforts to create an effective and competitively-neutral universal service mechanism, Aliant Communications Co. ("Aliant"), by its attorneys, submits the following replies to these comments.

Since many entities have commented on the same specific subject item, Aliant does not attempt to list all the commenters when referring to a specific subject, but will present examples of such comments to which it replies.

Revenue Benchmark

Roseville Telephone Company ("Roseville") and Cincinnati Bell Telephone Company ("Cincinnati") both comment on the Board's recommendation that a benchmark based on a nationwide average revenue-per-line be used to determine support received by eligible providers..

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This revenue-per-line would be the sum of the revenues generated by local, discretionary, access services, and others, divided by the number of loops served. As Cincinnati states, the Board has developed a set of core services to be included in the definition of universal service. These core services, as stated in the Board's recommendation, are: voice grade access to the public switched network, with the ability to place and receive calls; touch-tone or dual tone multi-frequency signaling (DTMF) or its functional equivalent; single-party service; access to emergency services; access to operator services; access to interexchange services; and access to directory assistance.

Cincinnati comments that costs and applicable benchmarks should be calculated to represent the services defined by universal service. Aliant agrees wholeheartedly. Any attempt to include non-universal service provisions in either the development of costs or benchmark will violate the explicit support requirements of the Telecommunications Act of 1996 ("1996 Act"). By including non-universal service revenues in the benchmark the Commission would be creating an implicit support mechanism.

By including such revenues in the benchmark, the provision of equitable contributions would be violated. Providers and customers of such non-universal service items would become a separate class of subsidy provider. Such providers and customers would be subsidizing universal service twice -- once, in the development of the benchmark and again in the assessment against revenues for funding universal service.

Inclusion of such revenues would skew the fundamental philosophy of universal service: the sound principle of providing access to basic telephone service to the greatest proportion of the populace at reasonable rates. As Roseville states in its comments, the inclusion of such revenues

discriminates against companies which have switches with the inability to provide discretionary services, such as CLASS. Such companies would be providing the exact services as defined by the Board as universal service, but not be able to reach the benchmark by recovering costs through non-universal service provisions. The Board states that this will cause providers to increase and enhance their services or lose them to competitors. This is a direct contradiction of the Board's own recommendation that the provision of universal service should be competitively neutral.

Such a benchmark, as recommended by the Board, would seem to drive the rates for core universal services to a plateau which specifically includes services beyond the definition of universal service. This does not serve the people for which universal service is designed, those who would otherwise be unable to afford the true cost of core universal services.

Including non-universal service revenues in the benchmark creates an artificially high revenue-per-line target. Not only does this preclude legitimate eligible providers of universal service from receiving funding, as stated by ALLTEL Telephone Services Corporation ("ALLTEL"), it can create undue hardships on the states.

If the Commission creates an artificially high federal benchmark to minimize the size of a federal fund, the states may find themselves in the awkward position of having to create unrealistic high state funds to provide for a disproportionate share of universal service. Larger states with a disproportionate share of residents may find themselves unable to bear the costs of such a fund.

It is Aliant's strong belief that for a federal universal service benchmark to succeed, it must represent a true reflection of the definition of universal service. To include non-universal service

provisions, whether in the benchmark or cost development, willfully diminishes the effectiveness of any universal service mechanism.

Conclusion

Aliant recognizes the immense task before the Commission. Before the Commission lies not only the individual proceedings with interconnection, universal service, and access reform, it must incorporate them within each other to ensure a smooth and equitable transition to bring about the ideals and principles set forth by Congress in the Telecommunications Act of 1996.

To help accomplish this, the Commission should not go beyond the goals established by the 1996 Act. By ensuring that non-universal services do not encroach upon the fundamentals set forth in the definition and principles of universal service, the Commission will be serving all users and providers of telecommunication services in a fair and just manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert A. Mazer", with a stylized flourish at the end.

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Dated: January 10, 1997

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Reply Comments of Aliant Communications Co. was sent by first-class mail, postage prepaid, this 10th day of January, 1997, to the following:

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